Netwatch

BY JIM CARROLL

YOUR GUIDE TO BUSINESS & ACCOUNTING ON THE INTERNET

Shifting economics opens doors

The small island of Grand Cayman, one of the top five financial centres in the world, contains a huge wealth of legal, accounting, financial, information technology and other specialized expertise, supporting a variety of offshore financial activities.

Recently, I spoke at a global economic outlook conference there and noted a sense of unease within the business community: concern with respect to potential global competition, partly due to the increasingly narrow specialization of skills that go with global finance.

We live in a world of increasing financial volatility: witness the rapid trend to private equity funds, the emergence of complex new derivative products, and the shift of initial public offerings to the UK financial marketplace as a result of US Sarbanes-Oxley Act requirements that are onerous.

Today, money and the concepts that go with it move at high velocity, so too do the unique skills of managing, monitoring, auditing and controlling the money. That is why accountants find themselves in a world in which their knowledge requirements continue to grow at a steady pace.

In addition, there is a subtle and distinct shift in the location of "global money," due to oil wealth and the industrialization of Asia. A recent article in *Barron's* financial weekly suggests there is about US$1 trillion in excess reserves in that region. The likely result is that while more of the world's wealth moves away from North America and Europe and into this economic centre, the skills will follow. A comment in *Asian Banker* in December 2006 is instructive of the impact of this trend, noting that in the future "outsourcing will become less about cost containment and more about accessing the best skills and expertise."

In this new world in which money relocates itself, access to the skills that deal with the money will become more precious. Areas such as Dubai and Singapore will compete heavily for access to financial skills as they take on a role of being the financial hubs, thereby providing challenges to such areas as the Cayman Islands.

Canada isn't immune. With the ongoing wave of retirement of baby boomers, decreasing interest in the accounting profession among young people and rapidly emerging global opportunities driven by waves of cash, we can expect that a war for talent will become common. And yet with this challenge comes opportunity.

The fact that we as a profession are seeing increasing specialization has importance in terms of where those skills might be used in the future. Clearly, we have seen a lot of outsourcing of financial, legal, accounting and other expertise in the past. Yet with rapid change in global markets, and with a shift in high-end financial marketplaces, there's likely to be demand for skills coming from other regions of the world.

This was the essence of my talk for the Grand Cayman financial professionals: we now see an opportunity in which they might find themselves not only servicing a client who has migrated financial activities to the Cayman Islands, they might just as easily find themselves supporting a high net worth individual in some remote Chinese location.

The same opportunity exists for Canadian accountants. The Internet makes location disappear when it comes to service provision and in a world of financial change and volatility, provides striking opportunities.

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The Rise of the Project Workforce whitepaper (requires registration) www.tenrox.com/en/downloads/whitepapers/center.htm

The 21st Century at Work: Forces Shaping the Future Workforce and Workplace in the United States www.rand.org/pubs/monographs/MG164/